DEPARTMENT OF ENVIRONMENT

COMMERCIAL REVOLVING FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2005

105-06591/

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

SASKATCHEWAN

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet E-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Commercial Revolving Fund as at March 31, 2005 and the statements of operations and accumulated operating surplus/(deficit), and changes in accumulated net expenditure/(recovery) for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
June 20, 2005

Fred Wendel, CMA, CA
Provincial Auditor

COMMERCIAL REVOLVING FUND
BALANCE SHEET
As at March 31, 2005

	2005	2004
ASSETS		
Current assets:		
Accounts receivable (Note 9)	$ 1,339,443	$ 1,581,495
Inventories (Note 11)	723,734	192,679
	2,063,177	1,774,174
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable (Note 9)	1,134,683	671,300
Non-current liabilities:		
Accumulated net expenditure (Statement 3 and Note 9)	281,835	809,290
Fund equity:		
Accumulated operating surplus (Statement 2)	646,659	293,584
	$ 2,063,177	$ 1,774,174

(See accompanying notes to the financial statements)

Statement 2

COMMERCIAL REVOLVING FUND

STATEMENT OF OPERATIONS AND ACCUMULATED OPERATING SURPLUS/(DEFICIT)

For the Year Ended March 31, 2005

	2005		2004
	Budget	Actual	Actual
Revenues:	(Note 8)		
Camping	$ 3,550,000	$ 3,838,749	$ 4,176,548
Cottage leases	2,200,000	1,923,964	1,579,906
Park entry	1,904,000	1,786,741	2,004,059
Resource management leases	790,000	658,569	670,898
Other	390,000	488,360	395,621
Commercial leases	440,000	435,050	468,076
Swimming & accommodation	410,000	351,383	490,022
Campfire permit fees	300,000	306,184	-
Gain on disposal of capital assets	-	-	4,704
	9,984,000	9,789,000	9,789,834
Expenses:			
Salaries and benefits	9,430,000	9,077,059	9,413,369
Contractual services	2,050,000	2,269,052	2,410,193
Supplies and service	1,700,000	1,496,047	1,454,825
Travel and business	1,130,000	1,040,058	1,007,138
Tools and office supplies	70,000	494,585	15,788
Communication	220,000	266,166	165,692
Bad debt	-	111,405	70,880
Maps, manuals and miscellaneous items	30,000	68,012	40,662
Bank charges	60,000	76,330	74,631
Other	10,000	45,543	45,000
Amortization	-	-	346,289
	14,700,000	14,944,257	15,044,467
Loss from operations	(4,716,000)	(5,155,257)	(5,254,633)
Subsidy from General Revenue Fund	4,716,000	4,950,000	5,300,000
Net income/(loss) (Note 10)	$ -	(205,257)	45,367
Accumulated operating surplus, beginning of year		293,584	248,217
Adjustment for inventory (Note 11)		558,332	-
Accumulated operating surplus, end of year - to Statement 1		$ 646,659	$ 293,584

(See accompanying notes to the financial statements)

Statement 3

COMMERCIAL REVOLVING FUND

STATEMENT OF CHANGES IN ACCUMULATED NET EXPENDITURE/(RECOVERY)

For the Year Ended March 31, 2005

	2005	2004
Financing (provided by)/required for operating activities:		
Net loss/(income)	$ 205,257	$ (45,367)
Items not affecting working capital		
-amortization	-	(346,289)
-gain on disposal of capital assets	-	4,704
Net (decease)/increase in working capital items related to operations (Note 6)	(174,380)	1,278,861
Net financing required for operating activities	30,877	891,909
Financing (provided by)/required for investing activities:		
Purchase of capital assets	-	381,727
Proceeds from disposal of capital assets	-	(4,748)
Net financing required for investing activities	-	376,979
Net increase in financing requirement	30,877	1,268,888
Accumulated net expenditure, beginning of year	809,290	943,859
Transfer of capital assets (Note 5)	-	(1,403,457)
Adjustment for inventory (Note 11)	(558,332)	-
Accumulated net expenditure, end of year - to Statement 1	$ 281,835	$ 809,290

(See accompanying notes to the financial statements)

COMMERCIAL REVOLVING FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

1. Authority and Definition of Reporting Entity

The Revolving Fund operates under the authority of Section 18 of *The Natural Resources Act*. The purpose of the Revolving Fund is to conduct commercial activities required for the promotion, development and management of provincial parks. The Department of Environment administers the Revolving Fund.

2. Significant Accounting Policies

The financial statements are prepared using Canadian generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure/(Recovery) and Note 6. The following accounting policies are considered significant.

a) Net Financing Requirements

The net financing requirements is the cash flow from/(to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes and net cash flows from operations.

b) Accumulated Net Expenditure/(Recovery)

The accumulated net expenditure/(recovery) of the Revolving Fund includes the following:

i) the net increase (decrease) in financing requirements for each fiscal year; and

ii) the book value of assets acquired at no charge from or transferred to another government agency.

c) Inventories

Resale inventory consists of maps, wildlife manuals, pins, and other miscellaneous items that are valued at the lower of average cost and net realizable value. Consumable inventory consists of equipment parts, fuel, grease, oil, cleaning supplies and firewood that are valued at most recent cost.

3. Authorized Financing

Section 18(10) of *The Natural Resources Act* specifies that the maximum accumulated net expenditure, which may be outstanding at any time, will be set by order of the Lieutenant Governor in Council. A maximum amount of $4,000,000 was established by Order in Council 516/94.

4. Accumulated Operating Surplus/(Deficit)

Treasury Board controls the operations of the Revolving Fund, in part by monitoring the amount of its accumulated operating surplus/(deficit). If the amount falls above or below the limit specified by Treasury Board, management is responsible to present a plan to address the excess surplus/(deficit) for approval by Treasury Board. A plan may include, but is not limited to, payment of excess surpluses to, or request for additional funding from, the General Revenue Fund. Treasury Board has specified the limit for the accumulated operating surplus/(deficit) as $350,000.

5. Capital Assets

At March 31, 2004 the Revolving Fund transferred its capital assets to the Department of Finance at net book value.

6. Net Change in Working Capital Items Related to Operations

	2005	2004
(Decrease) Increase in accounts receivable	$ (242,052)	$ 1,364,522
Increase in inventories	531,055	22,006
(Increase) in accounts payable	(463,383)	(107,667)
	$ (174,380)	$ 1,278,861

7. Related Party Transactions

These financial statements include transactions with related parties. The Revolving Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Revolving Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and settled on normal trade terms. These transactions at year end are as follows:

Category	2005	2004
Contractual services	$ 1,218,330	$ 1,438,653
Travel and business	801,051	789,858
Supplies and service	42,500	104,010
Capital asset purchases	-	71,996
Communication	600	169
Tools and office supplies	49,124	52
Accounts payable	-	4,083

In addition, the Revolving Fund pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

The Department of Environment is responsible for the acquisition of land for provincial parks. Therefore, land is not reflected in these financial statements. However, in accordance with *The Natural Resources Act* the Revolving Fund is credited with all rents and fees with respect to land.

In accordance with established government policy, the Revolving Fund has not been charged with certain costs including occupancy, financing, use of tangible capital assets and certain administrative costs. These costs have been absorbed by departmental appropriations and therefore no provision for such costs is reflected in these financial statements.

8. Budget

These amounts are included in the budget submitted to Treasury Board for approval. Treasury Board approves the Revolving Fund's budget annually.

9. Financial Instruments

The Revolving Fund's financial instruments include accounts receivable and accounts payable. Due to their immediate or short-term maturity, the fair value of these instruments approximates their carrying value.

The fair value of the accumulated net expenditure/(recovery) has not been provided because it is not practicable to determine the fair value with sufficient reliability.

The Revolving Fund is exposed to credit risk from the potential non-payment of accounts receivable. An allowance for doubtful accounts is recorded for these accounts that are considered uncollectible. The Revolving Fund has recorded an allowance for doubtful accounts of $349,567 (2004 - $238,163).

10. Amount Reported in Public Accounts

The net (expenditure)/recovery of the Revolving Fund reported in Public Accounts is the net income/(loss) of the Revolving Fund adjusted for the following differences in accounting policies and other adjustments between the Revolving Fund and the General Revenue Fund:

	2005	2004
Net (loss)/income	$ (205,257)	$ 45,367
(Increase) in inventory	(531,055)	(22,006)
(Increase) in net book value of capital assets prior to transfer to the Department	-	(35,394)
Adjustment for change in accounting policy (Note 11)	558,332	-
Amounts not included in Public Accounts due to timing	203,736	(51,001)
Net (expenditure)/recovery reported in Public Accounts	$ 25,756	$ (63,034)

11. Change in Accounting Policy

During the year, the Revolving Fund changed its inventory policy to record consumable inventory. Consumable inventory consists of equipment parts, fuel, grease, oil, cleaning supplies and firewood. As a result of this change in accounting policy, the opening accumulated operating surplus and inventory for the year ended March 31, 2005 were restated and both increased by $558,332. The prior period was not restated to reflect this change in accounting policy because the information respecting the inventory value was not readily available.

12. Comparative Figures

Certain of the 2004 balances have been reclassified to conform to the current year's presentation.